

**CHILD CARE AND DEVELOPMENT FUND  
FISCAL YEAR 2004 STATE SPENDING FROM ALL  
APPROPRIATION YEARS**

***Background:***

The Child Care and Development Fund (CCDF) financial expenditure report (ACF-696) details expenditures from each of the CCDF funding streams (Mandatory, Matching and Discretionary), as well as funds transferred from the Temporary Assistance for Needy Families (TANF) program to CCDF. Reported expenditures are for administration, quality activities including Congressionally-mandated earmarks for (1) Child Care and Quality Improvement Activities; (2) Infant and Toddler Quality Improvement; and (3) Child Care Resource and Referral and School Age Care, and direct and non-direct services. States continue to report on their expenditures of CCDF funds until expended.

***Highlights:***

This summary provides information obtained from the State CCDF ACF-696 reports submitted for the Fiscal Year (FY) 2004 CCDF expenditure year from all open appropriation years. States expended a total of \$9.4 billion of combined Federal and State funds, which includes both CCDF and TANF transfers into CCDF. An additional \$1.4 billion was expended in “direct spending for child care services” reported in the TANF program. Expenditures of Federal CCDF funds were \$6.9 billion, comprised of \$4.8 billion from FY 2004 and \$2.1 billion from prior year funds (FY 2000 through FY 2003). Expenditures of State Matching and Maintenance of Effort (MOE) funds were \$2.5 billion, which includes \$2.2 billion of FY 2004 funds and \$331 million of prior year funds (FY 2000 through 2003).

**Table 1 – Expenditures in FY 2004 by Appropriation Year**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>Total by Fund</b>
Mandatory	7,771,682	21,224	55,852,736	141,157,944	1,042,941,750	1,247,745,336
Matching Federal	-	-	1	236,733,522	1,246,535,928	1,483,269,451
Discretionary	-	-	232,459,185	1,373,939,316	2,526,982,561	4,133,381,062
<i>Subtotal Federal</i>	<i>7,771,682</i>	<i>21,224</i>	<i>288,311,922</i>	<i>1,751,830,782</i>	<i>4,816,460,239</i>	<i>6,864,395,849</i>
Matching State	-	-	16,459,629	321,653,755	1,232,199,900	1,570,313,284
CCDF MOE	-	-	(1,322,722)	(5,776,851)	952,630,257	945,530,684
<i>Subtotal State</i>	<i>-</i>	<i>-</i>	<i>15,136,907</i>	<i>315,876,904</i>	<i>2,184,830,157</i>	<i>2,515,843,968</i>
<b>Subtotal CCDF</b>	<b>7,771,682</b>	<b>21,224</b>	<b>303,448,829</b>	<b>2,067,707,686</b>	<b>7,001,290,396</b>	<b>9,380,239,817</b>
TANF Direct 1/	3,331,307	(3,158,270)	9,712,423	124,962,133	1,291,936,266	1,426,783,859
<b>TOTAL</b>	<b>11,102,989</b>	<b>(3,137,046)</b>	<b>313,161,252</b>	<b>2,192,669,819</b>	<b>8,293,226,662</b>	<b>10,807,023,676</b>

1/ TANF Direct spending data for FY 2004 received from Office of Grants Management/Division of Mandatory Grants

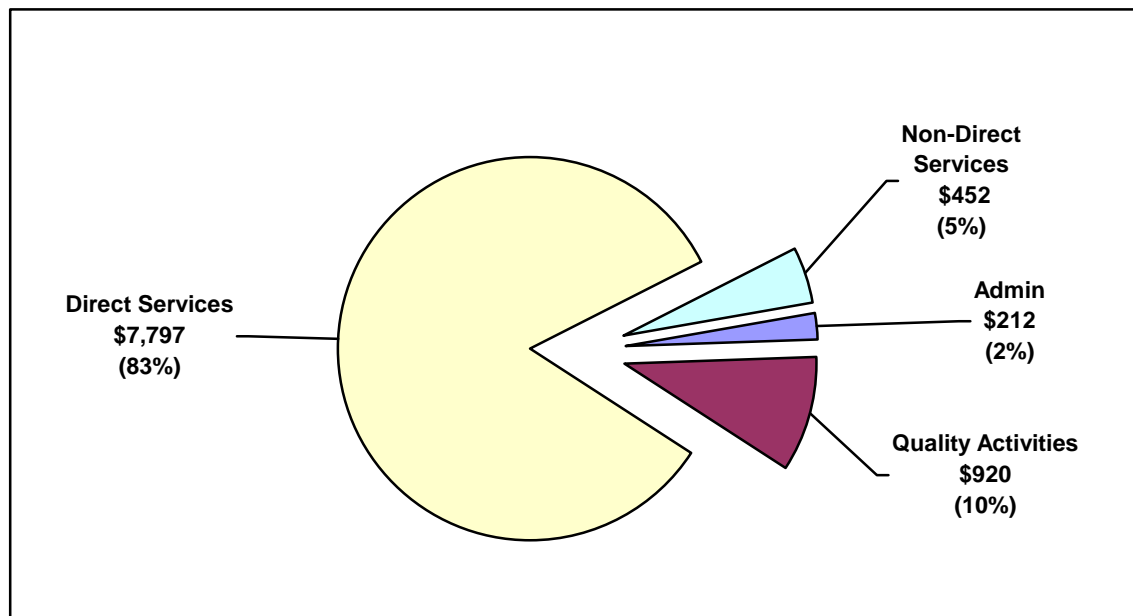
*Administrative Costs.* During FY 2004, States expended \$212 million or 2 percent of total Federal and State expenditures (including MOE). Administrative spending decreased from the \$227 million expended in FY 2003. The 5 percent administrative cap stipulated by legislation applies to individual appropriation years. Compliance with this requirement is assessed at the end of the liquidation period.

*Quality Activities.* States spent \$920 million or 10 percent of total Federal and State expenditures (including MOE and Earmarked funds) in FY 2004. Quality expenditures in FY 2003 were \$881 million. The statute requires that a minimum of four percent of CCDF expenditures be spent on quality activities (excluding Earmarked funds) and applies to individual appropriation years. Compliance with this requirement is assessed at the end of the liquidation period.

*Direct Services.* CCDF expenditures on direct child care services were \$7.8 billion or 83 percent of the total Federal and State expenditures (including MOE) in FY 2004. CCDF spending on direct child care services in FY 2003 totaled \$7.9 billion.

*Non-Direct Services.* States spent \$452 million in non-direct services, or 5 percent of total State and Federal expenditures in FY 2004. The breakdown of non-direct services expenditures is \$53 million on child care computer information systems, \$279 million on certificate programs and eligibility determinations and \$120 million for other costs. For FY 2003, states reported spending \$503 million.

**Chart 1 – Total Expenditures by Category (in millions)**



1/ TANF Direct Spending on Child Care expenditures are not categorized; therefore, the \$1.4 billion spent in TANF Direct Spending are not included in this chart

2/ Non-Direct Services include expenditures related to the operation of voucher programs and include such costs as information and referral, eligibility determination and redetermination, and maintaining computer systems

3/ Quality Activities include the expenditures of Earmarked funds

*Unobligated Balances.* Three States released \$9.2 million, or 0.6 percent of FY 2004 Matching funds, to be reallocated to States for FY 2005. Twenty-nine States reported unobligated balances of \$336 million, or 8.5 percent of FY 2004 Discretionary funding including TANF transfers. States have an additional year to obligate these funds.

*Unliquidated Funds.* Forty-four States reported unliquidated balances of \$1.6 billion comprised of Mandatory funding (FY 2000, 2002, 2003 and 2004), Discretionary (FY 2003 and 2004) and Matching (FY 2004). Mandatory funds are available until expended as all States met the obligation requirement in the award year. States have an additional year to liquidate the FY 2003 Discretionary unliquidated balances and two years to liquidate the FY 2004 balances. FY 2004 Matching unliquidated balances must be expended by 9/30/05.

**Table 2 – Unliquidated Funds as of 9/30/04**

	<b>FY 2000</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>Total by Fund</b>
Mandatory	2,873,489	2	579,599	134,583,031	138,036,121
Matching Federal	0	0	-	237,348,041	237,348,041
Discretionary	0	0	131,746,587	1,072,077,607	1,203,824,194
<b>TOTAL</b>	<b>2,873,489</b>	<b>2</b>	<b>132,326,186</b>	<b>1,444,008,679</b>	<b>1,579,208,356</b>